

One Embarcadero Center • San Francisco, CA 94111 415/398-4510 FAX 415/398-4816

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VIA AIR COURIER

January 14, 1998

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Mr. Williams:

Enclosed are three (3) originals of the Memorandum of the Net Lease Agreement made as of April 1, 1997 ("Memorandum") between the following parties:

Lessor:

Helm Financial Corporation

One Embarcadero Center, Suite 3700

San Francisco, CA 94111

Lessee:

The Alton & Southern Railway Company

1000 South 22nd Street

East St. Louis, Illinois 62207

The equipment involved in this transaction is as follows:

Equipment:

Two (2) locomotives as more fully described in Schedule \underline{A} to the

Memorandum.

Please file this agreement as a primary document. A check covering the filing fee of twenty-four dollars (\$24.00) is enclosed.

Sincerely,

Eric W. Stoll

Document Administrator

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Enclosures (3)

Leases\asr001.final

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MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of April 1, 1997 and is intended to evidence that certain Locomotive Lease Agreement dated as of March 7, 1995, as amended (the "Lease"), between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and THE ALTON & SOUTHERN RAILWAY COMPANY, a Delaware corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease, as amended.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

HELM FINANCIAL CORPORATION

Print Name: Richard C. Kirchner

Title: President

LESSEE

THE ALTON & SOUTHERN RAILWAY COMPANY

Print Name: C. Wayne Calder

Title: Vice Pres. & Gen. Mgr.

EXHIBIT B - Continued

SCHEDULE A

TO THE MEMORANDUM OF LEASE

THE UNITS

A. <u>Equipment Description</u>:

One (1) 1500 Horsepower SW1500 locomotive built by General Motors (Electro Motive Division) in 1968

Unit Number

HLCX 1512

B. <u>Equipment Description</u>:

One (1) 1500 Horsepower SW1500 locomotive built by General Motors (Electro Motive Division) in 1972

Unit Number

HLLX 1500

STATE OF CALIFORNIA)
) S.S. COUNTY OF SAN FRANCISCO)
On <u>January 14,</u> , 1997, before me, <u>EMMA S.ORTEGA</u> , personally appeared Richard C. Kirchner, President of HELM FINANCIAL CORPORATION,
<u>✓</u> personally known to me -OR-
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
EMMA SUSAN ORTEGA COMM. #1057929 Witness my hand and official seal. Notary Public - California SAN FRANCISCO COUNTY
[Notarial Seal] My Comm. Expires JUN 16,1999 My Comm. Expires JU
[Notarial Seal] SIGNATURE OF THE WOTARY
STATE OF ILLINOIS) ST. CLAIR) ST. CLAIR)
COUNTY OF ST. CLAIR) s.s.
OnDecember 15, 1997, before me,Christy_LHancock,
On
\underline{X} personally known to me -OR-
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) or the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
Witness my hand and official seal.
[Notarial Seal] SIGNATURE OF THE NOTARY
"OFFICIAL SEAL" DAVID D. SMITH NOTARY PUBLIC STATE OF ILLINOIS MY COMMISSION EXPIRES 10/28/00